

VEDDER, PRICE, KAUFMAN, KAMMHOLZ & DAY

A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

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WASHINGTON, D. C. 20006

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VEDDER, PRICE, KAUFMAN & KAMMHOLZ

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1 DAG HAMMARSKJOLD PLAZA
NEW YORK, NEW YORK 10017

212 223-1880

WRITER'S DIRECT DIAL NUMBER

(202) 828-5082

May 9, 1983

RECORDATION NO. 14014
MAY 10 1983 -2 25 PM
INTERSTATE COMMERCE COMMISSION

RECEIVED
MAY 10 2 29 PM '83
FEE OPERATION BR.
I.C.C.

RECORDATION NO. 14014
MAY 10 1983 -2 25 PM
INTERSTATE COMMERCE COMMISSION

No. 3-1301042
MAY 10 1983
Date
Fee \$...50.00.....

ICC Washington, D. C.

Mrs. Agatha L. Mergenovich
Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Re: Primary Document Recordation:
Equipment Lease and Guaranty

Dear Mrs. Mergenovich:

I have enclosed an original and one counterpart of the document described below, to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

This document is an equipment lease agreement and accompanying guaranty, a primary document, dated April 1, 1983.

The names and addresses of the parties to the document are as follows:

LESSOR: United States Rail Services, Inc. (Successor agent to United States Leasing Corporation)
633 Battery Street
San Francisco, CA 94111
(as agent for D.E. Mundell and David A. Summers (successor trustee to Donovan S. Thayer), as Trustees under a Trust Agreement dated as of October 20, 1967).

LESSEE: McHugh Brothers Heavy Hauling, Inc.
Operator and Lessor of New Hope and Ivyland Railroad Company
P.O. Box 196
Penndel, PA 19047

1
Agatha L. Mergenovich
Barry A. Mergenovich

Mrs. Agatha L. Mergenovich
May 9, 1983
Page Two

GUARANTOR: McHugh Brothers Crane Rentals, Inc.
P.O. Box 196
Penndel, PA 19047

A description of the equipment covered by the document follows:

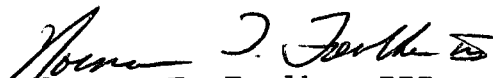
One (1) 3000 HP Model U30B Diesel Electric Locomotive, bearing identifying Road Number 2880.

A fee of \$50.00 is enclosed. Please return the original and any extra copies not needed by the Commission for recordation to Norman T. Fowlkes III, at the address shown above.

A short summary of the document to appear in the index follows:

Equipment Lease Agreement, between United States Rail Services, Inc., 633 Battery Street, San Francisco, CA 94111, lessor, as agent for D.E. Mundell and David A. Summers, Trustees; McHugh Brothers Heavy Hauling, Inc., P.O. Box 196, Penndel, P A, 19047, lessee; McHugh Brothers Crane Rental, Inc., P.O. Box 196, Penndel, PA 19047, guarantor; dated April 1, 1983, and covering one (1) 3000 HP Model U30B Diesel Electric Locomotive, Road Number 2880.

Very truly yours,


Norman T. Fowlkes III
Counsel for the Parties

NTF/bmh

Enclosures
cc: James McHugh

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

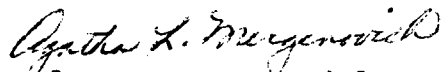
Norman T. Fowlkes III
Vedder, Price, Kaufman,
Kammholz & Day
1919 Pennsylvania Ave. N. W.
Washington, D. C. 20006

May 10, 1983

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 5/10/83 at 2:35PM, and assigned re-recording number(s). 14014, & 14014-A

Sincerely yours,


Agatha L. Mergenovich
Secretary

Enclosure(s)

EQUIPMENT LEASE

MAY 10 1983 -2 35 PM

INTERSTATE COMMERCE COMMISSION

THIS EQUIPMENT LEASE dated as of April 1, 1983, between D. E. MUNDELL and DAVID A. SUMMERS (successor trustee to Donovan S. Thayer), not in their individual capacities but solely as Trustees under a Trust Agreement dated as of October 20, 1967 (the "Lessor"), UNITED STATES RAIL SERVICES, INC. (successor agent to United States Leasing Corporation), a California corporation, as agent for Lessor (the "Agent") and MCHUGH BROTHERS HEAVY HAULING, INC., Operator and Lessee of New Hope & Ivyland Railroad Company (the "Lessee");

W I T N E S S E T H:SECTION 1. DELIVERY OF EQUIPMENT.

The Lessor is the owner of one (1) 3000 HP Model U30B Diesel Electric Locomotive, bearing identifying Road Number 2880 (hereinafter referred to as the "Item", "Item of Equipment" or the "Equipment"). The Lessor shall lease the Equipment to the Lessee and the Lessee shall hire the Equipment from the Lessor subject to the terms and conditions hereinafter set forth.

The Lessor has tendered delivery of the Equipment to the Lessee, the Lessee has inspected the Equipment and has accepted delivery thereof, thereby conclusively establishing that the Equipment is acceptable to and accepted by the Lessee under this Lease, notwithstanding any defect with respect to design, manufacture, condition or in any other respect, and that the Equipment is in good order and condition and appears to conform to the

specifications applicable thereto and to all applicable Interstate Commerce Commission requirements and specifications, if any. The Lessee represents that it has no knowledge of any such defect.

SECTION 2. RENTALS.

The Lessee agrees to pay to the Lessor a total rental for the Equipment in the amount of \$28,800, payable in 24 consecutive, equal monthly installments, in advance, each in the amount of \$1,200, commencing with a first payment due on June 1, 1983.

This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent or reduction thereof, including, but not limited to, abatements or reductions due to any present or future claims of the Lessee against the Lessor under this Lease or otherwise, nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss or destruction of the Equipment from whatsoever cause, the taking or requisitioning of the Equipment by condemnation or otherwise, the lawful prohibition of the Lessee's use of the Equipment, the interference with such use by any private person or corporation, the invalidity or unenforceability or lack of due authorization or other infirmity of this Lease, or lack of right, power or authority of the Lessor to enter into this Lease, or for any other cause whether similar or dissimilar to the foregoing, any present or

future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events unless the obligation to pay the same shall be terminated pursuant to Section 11 or 21 hereof.

SECTION 3. TERM OF THE LEASE.

The term of this Lease shall begin on April 15, 1983 and shall terminate on June 1, 1985.

SECTION 4. TITLE TO THE EQUIPMENT.

The Lessor shall and hereby does retain full legal title to the Equipment notwithstanding the delivery thereof to and the possession and use thereof by the Lessee.

The Lessee will cause the Equipment to be kept numbered with the identifying Road Number as set forth herein and will keep and maintain, plainly, distinctly, permanently and conspicuously marked by a plate or stencil printed in contrasting color upon each side of the Equipment in letters not less than one inch in height as follows:

"Leased from U. S. Leasing Corporation,
as Agent for Owner Trustee"

with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the title of the Lessor to the Equipment and its rights under this Lease. The Lessee will replace promptly any such numbers, names and word

or words which may be removed, defaced or destroyed. The Lessee will not change the identifying Road Number of the Equipment except with the consent of the Lessor and in accordance with a statement of each new identifying Road Number to be substituted therefor, which consent and statement previously shall have been filed with the Lessor by the Lessee and filed, recorded or deposited in all public offices where this Lease shall have been filed, recorded or deposited.

SECTION 5. DISCLAIMER OF ALL WARRANTIES.

The Lessee hereby agrees that it has taken delivery of the Equipment and has agreed to lease the Equipment from the Lessor, AS-IS, WHERE-IS, with all faults and Lessor makes no warranty or representation, either express or implied, as to the fitness or merchantability of the Equipment or any other matter whatever, similar or dissimilar to the foregoing, it being agreed that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee.

SECTION 6. INDEMNIFICATION CLAUSE

From and after the date hereof until the termination of this Lease, the possession, use, operation and maintenance of the Equipment shall be at the sole risk and expense of the Lessee. The Lessee shall defend, indemnify and save harmless the Lessor, the Agent and Mercantile Trust Company, National Association, as trustor (the "Trustor"), from and against (a) any and all loss of or damage to the Equipment, usual wear and tear excepted, and (b)

any claim, cause of action, damages or liability (including counsel fees and expenses in connection therewith) which the Lessor may incur in any manner by reason of its ownership of, which may arise in any manner out of or as a result of, the design, manufacture, use or operation of the Equipment, or by reason of its condition (whether defects are latent or patent), or as a result of claims for patent infringements, during the term of this Lease, regardless of whether such claims are made during or subsequent to termination.

SECTION 7. RULES, LAWS AND REGULATIONS.

The Lessee agrees to comply with all governmental laws, regulations, requirements and rules (including the rules of the Interstate Commerce Commission and the current Interchange Rules, or supplements thereto, of the Mechanical Division, Association of American Railroads) with respect to the use, maintenance and operation of the Equipment. In case any equipment or appliance on the Equipment shall be required to be changed or replaced, or in case any additional or other equipment or appliance is required to be installed on the Equipment in order to comply with such laws, regulations, requirements and rules, the Lessee agrees to make such changes, additions and replacements at its sole cost and expense.

SECTION 8. USE AND MAINTENANCE OF EQUIPMENT.

The Lessee shall use the Equipment only in the manner for which it was designed and intended and so as to subject it

only to ordinary wear and tear. The Lessee shall, at its own cost and expense, maintain and keep the Equipment in good order, condition and repair, ordinary wear and tear excepted, suitable for use in interchange. The Lessee shall not modify the Equipment without the written authority and approval of the Lessor which shall not be unreasonably withheld. Any parts installed or replacements made by the Lessee upon the Equipment shall be considered accessions to the Equipment and title thereto shall be immediately vested in the Lessor, without cost or expense to the Lessor.

SECTION 9. LIENS ON THE EQUIPMENT.

The Lessee shall pay or satisfy and discharge any and all claims against, through, or under the Lessee and its successors or assigns which, if unpaid, might constitute or become a lien or a charge upon the Equipment, and any liens or charges which may be levied against or imposed upon the Equipment as a result of the failure of the Lessee to perform or observe any of its covenants or agreements under this Lease, but the Lessee shall not be required to pay or discharge any such claims so long as it shall, in good faith and by appropriate legal proceedings, contest the validity thereof in any reasonable manner which will not affect or endanger the title and interest of the Lessor to the Equipment. The Lessee's obligations under this Section 9 shall survive termination of the Lease.

SECTION 10. FILING: PAYMENT OF FEES AND TAXES.

The Lessee will promptly cause this Lease to be duly filed, registered or recorded in conformity with Section 20c of the Interstate Commerce Act or other places within or without the United States as the Lessor may reasonably request for the protection of its title and will furnish the Lessor proof thereof. The Lessee will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register and record (and will re-file, re-register, or re-record whenever required) any and all further instruments required by law or reasonably requested by the Lessor, for the purpose of protecting the Lessor's title to the Equipment to the satisfaction of the Lessor's counsel or for the purpose of carrying out the intention of this Lease, and in connection with any such action, will deliver to the Lessor proof of such filings. The Lessee will pay all costs, charges and expenses incident to any such filing, re-filing, registering, re-registering, recording and re-recording of any such instruments or incident to the taking of such action.

The Lessee, or the Lessor at the Lessee's expense, shall report, pay and discharge when due all license and registration fees, assessments, sales, use and property taxes, gross receipts taxes arising out of receipts from use or operation of Equipment including without limitation amounts payable under Sections 2, 11, 16, 20 and 21 hereof and other taxes (excluding any tax measured by the Lessor's net income and any gross receipts or gross income taxes in substitution for or by way of relief from the payment of taxes measured by such net income, provided that the

Lessee agrees to pay that portion of any such tax on or measured by rents payable hereunder or the net income therefrom which is in direct substitution for, and which relieves the Lessee from, a tax on the Equipment which the Lessee would otherwise be obligated to pay under the terms of this Section), together with any penalties or interest thereon, imposed by any state, federal or local government upon the Equipment and whether or not the same shall be assessed against or in the name of Lessor, Agent, Lessee, or the Trustor; provided, however, that the Lessee shall not be required to pay or discharge any such tax or assessment (i) so long as it shall, in good faith and by appropriate legal proceedings, contest the validity thereof in any reasonable manner which will not affect or endanger the title and interest of the Lessor to the Equipment, however, the Lessee shall reimburse the Lessor for any damages or expenses resulting from such failure to pay or discharge, or (ii) as to assessments against or in the name of anyone other than the Lessee, until 20 days after written notice thereof shall have been given to the Lessee.

SECTION 11. PAYMENT FOR CASUALTY OCCURRENCE; INSURANCE.

In the event that the Equipment shall be or become lost, stolen, destroyed, or in the opinion of the Lessee and Lessor, irreparably damaged from any cause whatsoever, or shall be requisitioned or taken over by any governmental authority under the power of eminent domain or otherwise during the term of this Lease (any such occurrence, except for any requisition which by its terms does not exceed the remaining term of this Lease, being

hereinafter called a "Casualty Occurrence"), the Lessee shall promptly (after it has knowledge of such Casualty Occurrence) and fully inform the Lessor in regard thereto and on next rental payment date following such Casualty Occurrence, shall pay the Lessor a sum equal to the amount calculated as set forth below (the "Casualty Value") as of the date of such payment. The Casualty Value of the Equipment is the percentage of \$35,000 shown on Exhibit A hereto opposite the number of the rental payment on which the Casualty Value is required to be paid, plus a full rental payment for the Equipment. Once such amounts have been paid, no further rental shall be payable under this Lease.

The Lessee shall be the agent of the Lessor to dispose of the Equipment for the best price obtainable and shall retain all amounts thereof up to the Casualty Value paid and shall remit the excess, if any, to the Lessor.

In the event that during the term of this Lease the use of the Equipment is requisitioned or taken by any governmental authority under the power of eminent domain or otherwise for a period which does not exceed the remaining term of this Lease, the Lessee's duty to pay rental shall continue for the duration of such requisitioning or taking. The Lessee shall be entitled to receive and retain for its own account all sums payable for any such period by such governmental authority as compensation for requisition or taking of possession to an amount equal to the rental paid or payable hereunder for such period, and the balance, if any, shall be payable to and retained by the Lessor as its sole property.

The Lessor or its assigns shall have the right, at its sole cost and expense, by its authorized representative, to inspect the Equipment and the Lessee's records with respect thereto, at such times as shall be reasonably necessary to confirm to the Lessor or its assigns the existence and proper maintenance thereof during the continuance of this Lease.

The Lessee shall keep the Equipment insured against all risks of loss or damage from every cause whatever for not less than the current Casualty Value thereof, and shall carry public liability and property damage insurance covering the Equipment. All said insurance shall be in form and amount and with companies approved by the Lessor, and shall be in the joint names of the Lessor and Lessee. The Lessee shall pay the premiums therefor and deliver said policies, or duplicates thereof, to the Lessor. Each insurer shall acknowledge and agree by endorsement upon the policy or policies issued by it or by independent instrument furnished to the Lessor that it will make payment of any claims in respect of the Equipment jointly to the Lessee and Lessor for application in accordance with the terms of this Lease and give the Lessor at least 30 days written notice before the policy in question shall be altered or cancelled. The proceeds of such insurance, at the option of the Lessor, shall be applied toward (a) the obligations of the Lessee to replace or repair the Equipment or pay the Casualty Value thereof or (b) payment or provision for satisfaction of the obligations of the Lessee in default hereunder. Any excess of such proceeds remaining shall belong to the Lessee.

SECTION 12. RETURN OF EQUIPMENT UPON EXPIRATION OF TERM.

Upon the expiration of the term of this Lease with respect to the Equipment, the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of the Equipment to the Lessor upon such storage tracks of the Lessee as the Lessor may designate, or in the absence of such designation as the Lessee may select, and permit the Lessor to store the Equipment on such tracks for a period not exceeding six months and transport the same at any time within such six months period to any reasonable place on the lines of railroad operated by the Lessee or to any connecting carrier for shipment, all as directed by the Lessor upon not less than thirty days' written notice to Lessee. All movement and storage of the Equipment is to be at the sole risk and expense of the Lessee. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of the Equipment, to inspect the same. The assembling, delivery, storage and transporting of the Equipment as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee to so assemble, deliver, store and transport the Equipment.

SECTION 13. DEFAULT.

If, during the continuance of this Lease, one or more of the following events ("Events of Default") shall occur:

A. Default shall be made in the payment of any part of the rental or Casualty Value provided in Section 2 or 11 hereof and such default shall continue for ten days;

B. Default shall be made in the observance or performance of the covenants, conditions and agreements on the part of the Lessee contained in the last paragraph of Section 11 hereof.

C. The Lessee shall make or permit any unauthorized assignment or transfer of this Lease or of possession of the Equipment, or any portion thereof;

D. Any representation or warranty made (i) by the Lessee herein or in any statement or certificate furnished to the Lessor pursuant to or in connection with this Lease or (ii) by McHugh Brothers Crane Rentals, Inc. (the "Guarantor") in or pursuant to or in connection with the Guaranty dated as of April 1, 1983 (the "Guaranty") or in any statement or certificate furnished to the Lessor pursuant to or in connection with this Lease or the Guaranty proves untrue in material respect as of the date of issuance or making thereof;

E. Default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein or on the part of the Guarantor under or in connection with the Guaranty and such default shall continue for 30 days after written notice

from the Lessor to the Lessee, specifying the default and demanding the same to be remedied;

F. Any proceedings shall be commenced by or against the Lessee or the Guarantor for any relief under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganization, arrangements, compositions or extensions (other than a law which does not permit any readjustment of the obligations of the Lessee or the Guarantor), and, if instituted by the Lessee or the Guarantor are consented to or are not dismissed within 60 days after such proceedings shall have been commenced;

G. An "Event of Default" under any other lease between the Lessor and the Lessee, shall have occurred and be continuing;

then, in any such case, the Lessor, at its option, may:

(a) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(b) by notice in writing to the Lessee, terminate this Lease, whereupon all right of the Lessee to the use of the Equipment shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon, the Lessor may by its agents enter upon the premises of the Lessee or other premises where the Equipment may be located and take possession

of the Equipment and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Equipment for any purpose whatsoever; but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by a fraction of which the numerator is such accrued number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee (i) as damages for loss of the bargain and not as a penalty, a sum, with respect to the Equipment, which represents the excess of the present worth, at the time of such termination, of all rentals for the Equipment which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease over the then present worth of the then fair rental value of the Equipment for such period computed by discounting from the end of such term to the date of such termination rentals which the Lessor reasonably estimates to be obtainable for the use of the Equipment during such period, such present worth to be computed in each case on a basis of a 9% per annum discount, compounded semi-annually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, and (ii) any damages and expenses, including reasonable attorney's fees, in addition thereto which the Lessor shall have

sustained by reason of the breach of any covenant or covenants of this Lease, other than for the payment of rental.

The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify any of the remedies herein provided, to the extent that such waiver is permitted by law. The Lessee hereby waives any and all existing or future claims of any right to assert any off-set against the rental payments due hereunder, and agrees to make the rental payments regardless of any off-set or claim which may be asserted by the Lessee or on its behalf in connection with the lease of the Equipment.

The failure of the Lessor to exercise the rights granted it hereunder upon any occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

SECTION 14. RETURN OF EQUIPMENT UPON DEFAULT.

If the Lessor shall terminate this Lease pursuant to Section 14 hereof, the Lessee shall forthwith deliver possession of the Equipment to the Lessor. For the purpose of delivering possession of the Equipment to the Lessor as above required, the Lessee shall at its own cost, expense and risk (except as hereinafter stated):

A. Forthwith place the Equipment in such reasonable storage place on the Lessee's lines of railroad as the Lessor may designate or, in the absence of such designation, as the Lessee may select;

B. Permit the Lessor to store the Equipment in such reasonable storage place on the Lessee's lines of railroad for a period not exceeding six months at the risk of the Lessee; and

C. Transport the Equipment, at any time within such six months' period, to any place on the lines of railroad operated by the Lessee or to any connecting carrier for shipment, all as the Lessor may reasonably direct upon not less than 30 days' written notice to the Lessee.

The assembling, delivery, storage and transporting of the Equipment as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Equipment.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this Section 14, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of the Equipment to the Lessor, to demand and take possession of the Equipment in the

name and on behalf of the Lessee from whosoever shall be at the time in possession of such Equipment.

SECTION 15. ASSIGNMENT; POSSESSION AND USE.

This Lease shall be assignable in whole or in part by the Lessor without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor.

So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the possession and use of the Equipment in accordance with the terms of this Lease, but, without the prior written consent of the Lessor, the Lessee shall not assign, transfer or encumber its leasehold interest under this Lease in the Equipment. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, the Equipment, except to the extent permitted by the provisions of the next succeeding paragraph hereof.

So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the possession of the Equipment and to the use thereof upon the lines of railroad owned or operated by it (either alone or jointly) or by any corporation a majority of whose voting stock (i.e., having ordinary voting power for the election of a majority of its Board of Directors) is owned directly or indirectly by the Lessee, or upon lines of railroad over which the Lessee or any such corporation has track-age or other operating rights or over which equipment of the

Lessee is regularly operated pursuant to contract, and also to permit the use of the Equipment upon connecting and other railroads in the usual interchange of traffic, but only upon and subject to all the terms and conditions of this Lease; and the Lessee may receive and retain compensation for such use from other railroads so using any of the Equipment. No assignment, sublease or interchange entered into by the Lessee hereunder shall relieve the Lessee of any liability or obligations hereunder which shall be and remain those of a principal and not a surety.

SECTION 16. INTEREST; AMOUNTS PAID BY LESSOR; PLACE OF PAYMENT.

Anything to the contrary herein contained notwithstanding, any nonpayment of rentals or any other amounts due hereunder, or amounts expended by or for the account of the Lessor on behalf of the Lessee, shall result in the obligation on the part of the Lessee to pay also an amount equal to 16% per annum (or the lawful rate, whichever is less) of the overdue rentals, other amount and amounts expended by or for the account of the Lessor, for the period of time during which they are overdue or expended and not repaid.

All payments provided for in this Lease to be made to the Lessor shall be made to the Lessor in care of the Agent at 633 Battery Street, San Francisco, California 94111, or at such other place as the Lessor or its assigns shall specify in writing.

SECTION 17. NOTICES.

Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when deposited in the United States certified mails, first class postage prepaid, addressed as follows:

If to the Lessor:

United States Rail Services, Inc.
633 Battery Street
San Francisco, California 94111

Attention: David A. Summers

If to the Lessee:

McHugh Brothers Crane Rentals, Inc., and
McHugh Brothers Heavy Hauling, Inc.,
Operator and Lessee of New Hope &
Ivyland Railroad Company
P.O. Box 196
Pennndal, Pennsylvania 19047

Attention: James McHugh

or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing.

SECTION 18. EXECUTION IN COUNTERPARTS.

This Lease, and any lease supplemental hereto, may be executed in several counterparts, each of which so executed shall be deemed to be an original and in each case such counterparts shall constitute but one and the same instrument.

SECTION 19. LAW GOVERNING.

This Lease shall be construed in accordance with the laws of California; provided, however, that the parties shall be entitled to all rights conferred by any applicable federal statute, rule or regulation.

SECTION 20. OPTION TO PURCHASE.

Provided that the Lessee is not in default, the Lessee shall have an option to purchase the Equipment upon the expiration of the term of this Lease, upon the following terms and conditions:

(a) If the Lessee desires to exercise this option it shall, at least 180 days before expiration of the term of this Lease, give Lessor written notice of its election to purchase and shall upon the expiration of the term of this Lease pay to the Lessor in cash the purchase price for the Equipment, determined as hereinafter provided.

(b) The purchase price shall be \$10,000.

Notwithstanding any election of the Lessee to purchase, the provisions of Section 11 hereof shall continue in full force and effect until the date of purchase.

SECTION 21. OPTION TO TERMINATE.

Provided the Lessee is not in default, Lessee shall have the option to terminate this Lease, upon the expiration of the first 12 months of the term of this Lease, upon the following terms and conditions:

(a) If the Lessee desires to exercise this option, it shall at least 90 days before the due date for payment of the 12th rental installment under this Lease, give Lessor written notice of its election to terminate this Lease, and shall upon the due date of such 12th rental payment and the payment of the rental due on such date, pay to Lessor in cash the termination price for the Equipment, determined as hereinafter provided;

(b) The termination price shall be \$12,000; and

(c) The Lessee on or before the due date of payment of such termination price shall have returned the Equipment pursuant to the terms of Section 12 hereof.

SECTION 22. FINANCIAL REPORTS AND INFORMATION.

On or before May 1, 1983 and annually or as soon as available thereafter, the Lessee will furnish to the Lessor a copy of the audited balance sheet of the Lessee as of the preceding December 31 and the related audited statements of income, retained earnings and changes in financial position for the fiscal year ending on such December 31, accompanied by an opinion thereon of independent public accountants of recognized national standing selected by the Lessee (or if audited statements as to such matters are not obtained by the Lessee for such year, a certificate of the chief financial officer of the Lessee to the effect that such statements are true and correct and accurately and fairly portray the financial condition of the Lessee as at

the end of the period covered) and such other financial information and reports furnished to shareholders of the Lessee.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed by their respective officers thereunder duly authorized and their corporate seals to be hereto affixed as of the day and year first above written.

Lessor:

UNITED STATES RAIL SERVICES, INC.


By 
its

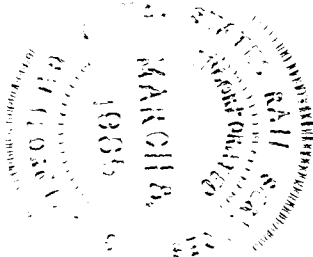
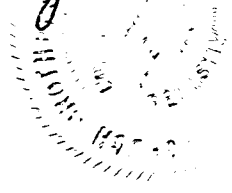

D. E. MUNDELL, Trustee


DAVID A. SUMMERS, Trustee

Lessee:

MCHUGH BROTHERS HEAVY HAULING,
INC., Operator and Lessee of
New Hope & Ivyland Railroad
Company

By 
its President



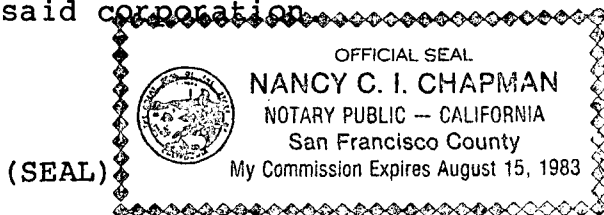
CASUALTY VALUES

<u>After Rental Payment Number</u>	<u>Payable on Date of Rental Payment with Full Rental Payment</u>	<u>Percent of \$35,000</u>
0	1	102
1	2	100
2	3	98
3	4	96
4	5	94
5	6	92
6	7	90
7	8	88
8	9	86
9	10	84
10	11	82
11	12	80
12	13	78
13	14	76
14	15	74
15	16	72
16	17	70
17	18	68
18	19	66
19	20	64
20	21	62
21	22	60
22	23	58
23	24 and thereafter	56

EXHIBIT A

STATE OF CALIFORNIA)
) SS
CITY AND COUNTY OF SAN FRANCISCO)

On this 28th day of April, 1983 before me personally appeared David A. Summers, to me personally known, who being by me duly sworn, says that he is the Senior Vice President of UNITED STATES RAIL SERVICES, INC., that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

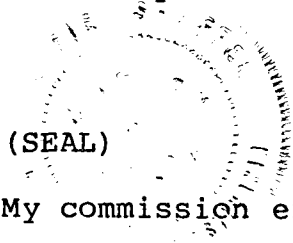


Nancy C. I. Chapman
Notary Public

My commission expires:

STATE OF)
COUNTY OF) SS

On this 3rd day of May, 1983 before me personally appeared James C. McHugh, to me personally known, who being by me duly sworn, says that he is the President of MCHUGH BROTHERS HEAVY HAULING, INC., Operator and Lessee of New Hope & Ivyland Railroad Company, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Effie Shaffer
Notary Public

EFFIE SHAFFER
NOTARY PUBLIC
P. O. Box 195, Pottsville, Bucks County,
Pennsylvania 19047
My Commission Expires August 29, 1985

STATE OF CALIFORNIA

)

) SS

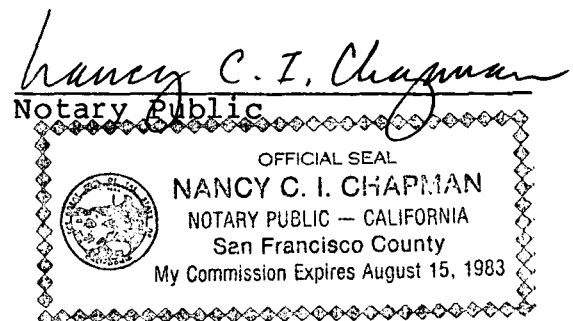
CITY AND COUNTY OF SAN FRANCISCO

)

On this 28th day of April, 1983, before me personally appeared DAVID A. SUMMERS, to me known to be the person described in and who executed the foregoing instrument and he acknowledged that he executed the same as his free act and deed.

(NOTARIAL SEAL)

My commission expires:



STATE OF CALIFORNIA

)

) SS

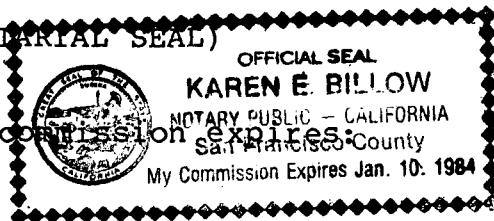
CITY AND COUNTY OF SAN FRANCISCO

)

On this 28 day of April, 1983, before me personally appeared W. E. Mundell to me known to be the person described in and who executed the foregoing instrument and he acknowledged that he executed the same as his free act and deed.

(NOTARIAL SEAL)

My



Karen E. Billow
Notary Public